

**CATHEDRAL PINES METROPOLITAN DISTRICT**

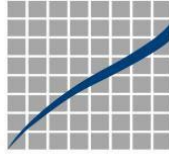
**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

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**BiggsKofford**  
CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

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Board of Directors  
**Cathedral Pines Metropolitan District**  
Colorado Springs, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Cathedral Pines Metropolitan District ("District"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2021, the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## Other Matters

### *Required Supplementary Information*

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*BiggsKofford, P.C.*

Colorado Springs, Colorado  
June 27, 2022

## **BASIC FINANCIAL STATEMENTS**

**CATHEDRAL PINES METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021**

	<b>Governmental Activities</b>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 255,241
Cash and investments - restricted	136,635
Receivable from County Treasurer	4,787
Property taxes receivable	585,734
Capital assets:	
Capital assets, net	1,062,208
Total assets	2,044,605
<b><u>LIABILITIES</u></b>	
Accounts payable	30,195
Accrued interest	18,029
Rental deposits	2,950
Noncurrent liabilities:	
Due within one year	75,000
Due in more than one year	4,646,247
Total liabilities	4,772,421
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Unearned rental revenues	12,904
Deferred property tax revenues	585,734
Total deferred inflows of resources	598,638
<b><u>NET POSITION</u></b>	
Net investments in capital assets	(1,261,133)
Restricted for:	
Debt service	110,158
Emergency reserve	8,500
Unrestricted	(2,183,979)
Total net position	\$ (3,326,454)

The accompanying notes and independent auditor's report  
should be read with these financial statements.

**CATHEDRAL PINES METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
				<u>Governmental Activities</u>	
<b>FUNCTIONS/PROGRAMS</b>					
<b><u>PRIMARY GOVERNMENT</u></b>					
General government	\$ 378,774	\$ -	\$ -	\$ -	\$ (378,774)
Interest and related costs on long-term debt	198,635	-	-	-	(198,635)
<b>Total governmental activities</b>	<b>\$ 577,409</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(577,409)</b>
<b><u>GENERAL REVENUES</u></b>					
Property taxes					510,406
Specific ownership taxes					60,658
Rental revenues					107,745
Other income					2,800
Investment income					127
<b>Total general revenues</b>					<b>681,736</b>
<b>Change in net position</b>					<b>104,327</b>
<b>Net position, beginning of year</b>					<b>(3,430,781)</b>
<b>Net position, end of year</b>					<b>\$ (3,326,454)</b>

The accompanying notes and independent auditor's report  
should be read with these financial statements.



**CATHEDRAL PINES METROPOLITAN DISTRICT  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 255,241	\$ -	\$ 255,241
Cash and investments - restricted	8,448	128,187	136,635
Receivable from County Treasurer	4,787	-	4,787
Property taxes receivable	292,867	292,867	585,734
<b>Total assets</b>	<b>\$ 561,343</b>	<b>\$ 421,054</b>	<b>982,397</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 30,195	\$ -	30,195
Rental deposits	2,950	-	2,950
<b>Total liabilities</b>	<b>33,145</b>	<b>-</b>	<b>33,145</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unearned rental revenues	12,904	-	12,904
Deferred property tax revenues	292,867	292,867	585,734
<b>Total deferred inflows of resources</b>	<b>305,771</b>	<b>292,867</b>	<b>598,638</b>
<b><u>FUND BALANCES</u></b>			
Restricted for:			
Debt service	-	128,187	128,187
Emergency reserve	8,500	-	8,500
Unassigned:			
General government	213,927	-	213,927
<b>Total fund balances</b>	<b>222,427</b>	<b>128,187</b>	<b>350,614</b>
<b>Total liabilities and fund balances</b>	<b>\$ 561,343</b>	<b>\$ 421,054</b>	

Amounts reported in governmental activities in the statement of net position are different because:

Capital assets are recorded as assets on the statement of net position, but are recorded as expenditures in the funds:

Capital assets, net	1,062,208
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(4,721,247)
Accrued interest payable	(18,029)

Net position of governmental activities	<b>\$ (3,326,454)</b>
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The accompanying notes and independent auditor's report  
should be read with these financial statements.

**CATHEDRAL PINES METROPOLITAN DISTRICT**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2021**

	General Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>			
Property taxes	\$ 255,203	\$ 255,203	\$ 510,406
Specific ownership taxes	60,658	-	60,658
Rental revenues	107,745	-	107,745
Other income	2,800	-	2,800
Investment income	-	127	127
<b>Total revenues</b>	<b>426,406</b>	<b>255,330</b>	<b>681,736</b>
<b>EXPENDITURES</b>			
County Treasurer's fees	3,861	3,862	7,723
Event expenses	2,107	-	2,107
Insurance	19,529	-	19,529
Landscape maintenance	50,648	-	50,648
Management expense	79,100	-	79,100
Office expense	1,612	-	1,612
Professional fees	15,471	-	15,471
Repairs and maintenance	59,561	-	59,561
Security	2,175	-	2,175
Snow removal	15,018	-	15,018
Telephone	2,884	-	2,884
Trash	1,809	-	1,809
Utilities	27,793	-	27,793
Debt service:			
Bond principal	-	65,000	65,000
Interest expense	-	218,056	218,056
Trustee fees	-	400	400
<b>Total expenditures</b>	<b>281,568</b>	<b>287,318</b>	<b>568,886</b>
Net change in fund balances	144,838	(31,988)	112,850
Fund balances, beginning of year	77,589	160,175	237,764
Fund balances, end of year	<u>\$ 222,427</u>	<u>\$ 128,187</u>	<u>\$ 350,614</u>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

**CATHEDRAL PINES METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

<u>Net change in fund balances - governmental funds</u>	\$	112,850
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocations of the cost of any depreciable assets over the estimated useful lives of the assets. The effect of these differences is as follows:

<u>Depreciation expense</u>		(93,345)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is as follows:

<u>Bond principal payment</u>		65,000
<u>Amortization of bond premium</u>		19,113

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The effect of these differences is as follows:

<u>Accrued interest payable on bonds payable - change in liability</u>		<u>709</u>
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<u>Change in net position of governmental activities</u>	<u>\$</u>	<u>104,327</u>
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The accompanying notes and independent auditor's report should be read with these financial statements.

**CATHEDRAL PINES METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021**

	<b>Budget Original and Final</b>	<b>Actual Amounts</b>	<b>Variance</b>
<b>REVENUES</b>			
Property taxes	\$ 258,217	\$ 255,203	\$ (3,014)
Specific ownership taxes	36,150	60,658	24,508
Rental revenues	95,000	107,745	12,745
Other income	1,600	2,800	1,200
<b>Total revenues</b>	<b>390,967</b>	<b>426,406</b>	<b>35,439</b>
<b>EXPENDITURES</b>			
Bank charges	500	-	500
Capital outlay	30,000	-	30,000
Cleaning	2,500	-	2,500
Contingency	20,000	-	20,000
County Treasurer's fees	3,873	3,861	12
Event expenses	-	2,107	(2,107)
Insurance	12,000	19,529	(7,529)
Landscape maintenance	50,000	50,648	(648)
Management expense	86,100	79,100	7,000
Miscellaneous	3,000	-	3,000
Office expense	500	1,612	(1,112)
Professional fees	19,498	15,471	4,027
Repairs and maintenance	60,000	59,561	439
Security	3,000	2,175	825
Snow removal	35,000	15,018	19,982
Telephone	3,300	2,884	416
Trash	6,000	1,809	4,191
Utilities	28,000	27,793	207
<b>Total expenditures</b>	<b>363,271</b>	<b>281,568</b>	<b>81,703</b>
Excess of revenues over (under) expenditures	27,696	144,838	(46,264)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer (to) from other funds	(25,000)	-	25,000
<b>Total other financing sources (uses)</b>	<b>(25,000)</b>	<b>-</b>	<b>25,000</b>
<b>Net change in fund balance</b>	<b>\$ 2,696</b>	<b>144,838</b>	<b>\$ 142,142</b>
Fund balance, beginning of year		77,589	
Fund balance, end of year		<b>\$ 222,427</b>	

The accompanying notes and independent auditor's report  
should be read with these financial statements.

**CATHEDRAL PINES METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**1. DEFINITION OF REPORTING ENTITY**

Cathedral Pines Metropolitan District ("District"), a quasi-municipal corporation and political subdivision of the state of Colorado, was formed in November 2004, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in El Paso County, Colorado ("County"). The District was organized to design, acquire, and construct street improvements, and the related safety protection devices including, but not limited to, bridges, fencing, trails, lighting, landscaping, traffic and safety controls and devices.

The District follows Governmental Accounting Standards Board ("GASB") accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization and potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization nor is the District a component unit of any other primary governmental entity.

The District has no employees and all operational and administrative functions are contracted.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Government-wide and fund financial statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. Material interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets and liabilities plus deferred inflows of resources of the District is reported as net position.

See independent auditor's report.

**CATHEDRAL PINES METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Government-wide and fund financial statements (continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment; and b) grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are properly excluded from program revenues and are reported as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting and financial statement position

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

*General fund* - The general fund accounts for all financial resources of the District except those required to be accounted for in another fund.

*Debt service fund* - The debt service fund accounts for the servicing of general long-term debt and revenues generated and received by the District to be used in payment of long-term debt.

See independent auditor's report.

**CATHEDRAL PINES METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Budgets

In accordance with state budget law, the District holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures, fund balance remaining, and other financing uses level, and lapses at year end. The District's board of directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District incurred expenditures in excess of appropriations for the year ended December 31, 2021 in the debt service fund, which may be a violation of state budget law.

Pooled cash and investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average balance in the total cash.

Property taxes

Property taxes are levied by the District's board of directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 and attaches as an enforceable lien as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, at the taxpayer's election, in February and June in equal installments. Delinquent taxpayers are notified in August and sales of the tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected to the District monthly.

Property taxes, net of estimated uncollectable taxes, are recorded initially as deferred revenues in the year they are levied and measurable. The deferred property tax revenues are recorded as revenues in the year they are available or collected.

See independent auditor's report.

**CATHEDRAL PINES METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Capital assets

Capital assets, which include property, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and a useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated acquisition value at the date of contribution.

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives of the assets, which range from 20 to 30 years.

Maintenance and repairs are charged to expense as incurred. At the time of retirement or disposition of depreciable assets, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss, if any, is reflected in revenues or expenses.

Deferred inflows of resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The District has one item that qualifies for reporting in this category. Accordingly, that item, deferred property tax revenues, is deferred and recognized as an inflow of resources in the period that the amounts become available.

Net position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

See independent auditor's report.



**CATHEDRAL PINES METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fund balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

*Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or is legally or contractually required to be maintained intact.

*Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

*Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the board of directors. The constraint may be removed or changed only through formal action of the board of directors.

*Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the board of directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

*Unassigned fund balance* - The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

See independent auditor's report.

**CATHEDRAL PINES METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**3. CASH AND INVESTMENTS**

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 255,241
Cash and investments - restricted	<u>136,635</u>
	<u><u>\$ 391,876</u></u>

The carrying amounts of cash and investments, which equal estimated fair value, as of December 31, 2021, are as follows:

Deposits with financial institutions	\$ 269,240
Investments	<u>122,636</u>
	<u><u>\$ 391,876</u></u>

Deposits with financial institutions

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be 102% of the aggregate uninsured deposits.

The state commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2021, the District's cash deposits had a bank balance of \$271,240 and a book balance of \$269,240.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

See independent auditor's report.

**CATHEDRAL PINES METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**3. CASH AND INVESTMENTS (CONTINUED)**

Investments (continued)

The District generally limits its concentration of investments to those below which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless otherwise formally approved by the board of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the US and certain US government agency securities
- Certain international agency securities
- General obligation and revenue bonds of US local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2021, the Districts had the following in investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Eastern Colorado Bank money markets	Weighted average under 60 days	<u>\$ 122,636</u>

The Eastern Colorado Bank Money Markets is a money market fund that is managed by Eastern Colorado Bank and each share is equal in value to \$1. The fund is rated AAAM and invests in high quality short-term United States government securities. The average maturity of the underlying securities is 90 days or less.

See independent auditor's report.

**CATHEDRAL PINES METROPOLITAN DISTRICT**  
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**4. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2021, is as follows:

	<u>Balance 1/1/21</u>	<u>Additions/ Reclass- ifications</u>	<u>Dispositions/ Reclass- ifications</u>	<u>Balance 12/31/21</u>
<b>Governmental activities</b>				
Community building	\$ 1,328,384	\$ -	\$ -	\$ 1,328,384
Parks, trails and monuments	981,035	-	-	981,035
Equipment	13,922	-	-	13,922
Less accumulated depreciation	<u>(1,167,788)</u>	<u>(93,345)</u>	<u>-</u>	<u>(1,261,133)</u>
Capital assets, net	<u>\$ 1,155,553</u>	<u>\$ (93,345)</u>	<u>\$ -</u>	<u>\$ 1,062,208</u>

Depreciation expense for the year ended December 31, 2021 totaled \$93,345.

**5. LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations of the District during the year ended December 31, 2021:

	<u>Balance 1/1/21</u>	<u>Additions</u>	<u>Repayments/ Amortization</u>	<u>Balance 12/31/21</u>	<u>Due within one year</u>
Series 2016					
Bonds	\$ 4,475,000	\$ -	\$ (65,000)	\$ 4,410,000	\$ 75,000
Unamortized portion of premium	<u>330,360</u>	<u>-</u>	<u>(19,113)</u>	<u>311,247</u>	<u>-</u>
	<u>\$ 4,805,360</u>	<u>\$ -</u>	<u>\$ (84,113)</u>	<u>\$ 4,721,247</u>	<u>\$ 75,000</u>

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**CATHEDRAL PINES METROPOLITAN DISTRICT**  
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**5. LONG-TERM OBLIGATIONS (CONTINUED)**

Series 2016 General Obligation Refunding Bonds

On July 26, 2016, the District issued Series 2016 General Obligation Refunding Bonds ("Series 2016 Bonds") for the purpose of: (i) funding capitalized interest and reserves to the extent provided by the sale certificate; (ii) paying the costs of refunding previously issued bonds; and (iii) paying issuance and other costs in connection with the bonds and the refunding of the previously issued bonds. The Series 2016 Bonds were issued in the amount of \$4,660,000, plus an original issue premium of \$414,882. The bonds bear interest at interest rates set forth below, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of pledged revenues available on each June 1 and December 1, and mature on December 1 in the years and amounts as follows:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2026	\$ 415,000	4.000%
2031	580,000	5.000%
2037	1,010,000	5.000%
2046	2,405,000	5.000%

The Series 2016 Bonds are secured and payable from pledged revenue consisting of monies derived by the District from the following sources, net of any collection costs: (a) the required mill levy of a minimum of 28.50 mills or such lesser mill levy which, when combined with other pledged revenue then held in the bond fund, will permit the District to fully fund the bond fund for the next bond year and pay the bonds as they come due, and to fund the surplus fund up to maximum surplus amount; and (b) any other legally available monies which the District determines to be treated as pledged revenue. Required mill levy means an ad valorem mill levy imposed upon all taxable property within the District each year in an amount sufficient to pay the principal, premium, and interest on the bonds as they become due and payable. The required mill levy is adjusted for changes in the ratio of actual value to assessed value of property within the District. For collection year 2021, the District levied 19.000 mills for the debt service fund.

The District is required to maintain bond and surplus cash accounts. The purpose of the surplus cash account is to provide adequate reserves to meet principal and interest requirements if the bond account does not have enough funding. The surplus account is required to be maintained as long as the bonds are outstanding.

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**CATHEDRAL PINES METROPOLITAN DISTRICT**  
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**5. LONG-TERM OBLIGATIONS (CONTINUED)**

Series 2016 General Obligation Refunding Bonds (continued)

*Optional redemption*

The bonds are subject to redemption prior to maturity at the discretion of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, on December 1, 2026 or on any date thereafter, upon payment of par and accrued interest, without redemption premium.

*Events of default*

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions constitutes an event of default under the indenture:

- i. The payment of the principal of or redemption premium on any bond is not made by the District when due;
- ii. The payment of any interest on any bond is not made by the District when due;
- iii. The District defaults in the performance of any other of its material covenants in the bond resolution, and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the District by the owners of 25% in aggregate principal amount of the bonds then outstanding; or
- iv. The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the bonds.

Upon the occurrence and continuance of an event of default, the owner of any bond may proceed to protect and enforce the rights of any owner under the bond resolution by mandamus or such other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction; provided however, that so long as the bond insurer is not in default of its payment obligations under a policy, it shall have the right to control all remedies upon an event of default. All such proceedings shall be instituted, had, and maintained for the equal benefit of all owners of the bonds then outstanding.

There is no provision for acceleration of maturity of the principal of the bonds in the event of a default in the payment of principal of or interest on the bonds. Consequently, remedies available to the owners of the bonds may have to be enforced from year to year.

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**5. LONG-TERM OBLIGATIONS (CONTINUED)**

Series 2016 General Obligation Refunding Bonds (continued)

The District's long-term obligations on the 2016 Series Bonds mature as follows:

Year Ending December 31,	Principal	Interest	Total
2022	\$ 75,000	\$ 216,350	\$ 291,350
2023	75,000	213,350	288,350
2024	85,000	210,350	295,350
2025	85,000	206,950	291,950
2026-2030	545,000	970,800	1,515,800
2031-2035	760,000	815,250	1,575,250
2036-2040	1,045,000	598,000	1,643,000
2041-2045	1,405,000	303,250	1,708,250
2046	335,000	16,750	351,750
Total	<u>\$ 4,410,000</u>	<u>\$ 3,551,050</u>	<u>\$ 7,961,050</u>

**6. NET POSITION**

The District has net position consisting of three components: invested in capital assets, net of related debt; restricted; and unrestricted.

Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of debt that is attributable to the acquisition, construction, or improvement of those assets.

As of December 31, 2021, the District had net position invested in capital assets, net of related debt as follows:

Invested in capital assets, net of related debt:	
Capital assets, net	\$ 1,062,208
Related long-term obligations	<u>(2,323,341)</u>
Invested in capital assets, net of related debt	<u>\$ (1,261,133)</u>

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**CATHEDRAL PINES METROPOLITAN DISTRICT**  
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**6. NET POSITION (CONTINUED)**

Restricted net position includes balances with external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2021 as

Restricted net position:

Debt service (Note 5)	\$ 110,158
Emergencies (Note 8)	<u>8,500</u>
	<u>\$ 118,658</u>

The District's unrestricted net position as of December 31, 2021, totaled a deficit of \$2,183,979. This deficit amount was a result of the District being responsible for the repayment of general obligation bonds issued to refinance the previously issued bonds and to fund the costs of certain public improvements within the District.

**7. RELATED PARTIES**

The members of the board of directors of the District are employees, owners of or otherwise associated with the developers and may have conflicts of interest in dealing with the District.

**8. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool ("Pool") as of December 31, 2021. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

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**9. TAX, SPENDING AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights ("TABOR"), contains tax, spending, revenue and debt limitations which apply to the state of Colorado and all local governments within the state of Colorado.

Spending and revenue limits are determined based on the prior fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenues in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenues. The District's voters approved a ballot issue allowing the District to retain all revenues.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

District management believes the District is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits, will likely require judicial interpretation.

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See independent auditor's report.

## **SUPPLEMENTARY INFORMATION**

**CATHEDRAL PINES METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021**

	<b>Budget Original and Final</b>	<b>Actual Amounts</b>	<b>Variance</b>
<b><u>REVENUES</u></b>			
Property taxes	\$ 258,217	\$ 255,203	\$ (3,014)
Investment income	-	127	127
<b>Total revenues</b>	<b>258,217</b>	<b>255,330</b>	<b>(2,887)</b>
<b><u>EXPENDITURES</u></b>			
Bond principal	65,000	65,000	-
Contingency	1,000	-	1,000
County Treasurer's fees	-	3,862	(3,862)
Interest expense	218,056	218,056	-
Trustee fees	800	400	400
<b>Total expenditures</b>	<b>284,856</b>	<b>287,318</b>	<b>(2,462)</b>
<b>Net change in fund balance</b>	<b>\$ (26,639)</b>	<b>(31,988)</b>	<b>\$ (5,349)</b>
Fund balance, beginning of year		160,175	
Fund balance, end of year		<b>\$ 128,187</b>	

See independent auditor's report